

**GROUP TERM LIFE INSURANCE
WITH AN ACCELERATED LIFE BENEFIT**

FOR THE EMPLOYEES OF THE STATE OF INDIANA

Not an actual policy
for informational purposes only

Rev. 2/02

FOR THE STATE

Frank O'Bannon, Governor

Glenn Lawrence
Commissioner
Department of Administration

D. Sue Roberson
Director
State Personnel Department



Plan Administrator and Insurer

*American United Life Insurance Company®
One American Square
P.O. Box 368
Indianapolis, Indiana 46206-0368*

The plan benefits and other provisions described in this Booklet-Certificate are subject to the terms of the Group Insurance Policy issued to the State by American United Life Insurance Company®.

These plan benefits and provisions are explained as clearly and briefly as possible. However, if there is any conflict between this Booklet-Certificate and the underlying Group Insurance Policy, it is the Group Insurance Policy which will govern in all instances. Copies of the Group Insurance Policy are on file in the State Personnel Department and may be examined by you during regular business hours.

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**CERTIFICATE OF INSURANCE
GROUP TERM LIFE INSURANCE**

AMERICAN UNITED LIFE INSURANCE COMPANY®

(Herein referred to as AUL)

has issued
Group Policy No. G-565

to the

STATE OF INDIANA

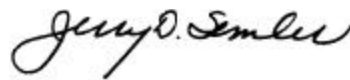
This booklet becomes your certificate of insurance only if you are eligible for insurance, become insured and remain insured in accordance with the terms, provisions and conditions of the policy listed above. You are insured only for those benefits for which you have enrolled and for which proper premiums have been paid.

This booklet is not an insurance policy and does not amend, extend or alter the coverage afforded by the policy. The final interpretation of any specific provision is governed by the terms of the policy.

This certificate supersedes and replaces any certificate previously issued to you.



Secretary



*Chairman of the Board,
President and Chief Executive Officer*

**NOTE: RECEIPT OF THE ACCELERATED LIFE BENEFIT MAY BE TAXABLE.
PLEASE SEEK ASSISTANCE FROM A PERSONAL TAX ADVISOR.**

THIS BOOKLET DOES NOT APPLY TO SUPPLEMENTAL OR DEPENDENT LIFE
INSURANCE

GBS-9721N

ELIGIBILITY

If you work at a regular full-time job with the State of Indiana or if you are a State Legislator, Judge, or Officer of the State who has been duly elected or appointed by the State, you are eligible to enroll in this insurance plan.

ENROLLMENT

This is a voluntary life insurance program. If you are eligible and wish to enroll, you may do so by filling out a special salary deduction and enrollment form that can be obtained from your Payroll Clerk or Personnel Department. After filling out the salary deduction and enrollment form, it should be returned to your Payroll Clerk for proper processing. You may enroll until the Monday following your pay period of hire. If you are employed with a quasi agency that is billed directly by AUL, you may enroll any time during the 31 days following your date of hire. If you are a State Legislator, you will have until January 31 following the date you were elected or re-elected to office to enroll. If you enroll after these times, you will have to submit evidence of insurability, including good health, at your own expense, which is satisfactory to AUL before being eligible to be covered under this program.

EFFECTIVE DATE OF YOUR INSURANCE

Regardless of when you enroll, your individual effective date of insurance is four days following the date the first life insurance deduction is made from your salary. For example, you are paid June 12, and that paycheck included the first deduction for life insurance purposes, the effective date of your insurance would be June 16. If you are paid monthly, your coverage will become effective on the first of the month following payroll deduction.

You must be actively at work or on vacation on your last regular work day preceding the effective date of your insurance for your insurance coverage to start on that date; otherwise, the effective date of your insurance will be the day you return to full-time work. If you are a State Legislator, you must be actively at work in your normal occupation or on vacation on the last regular working day prior to January 1 of the year you are first eligible for insurance to become effective on January 1; otherwise, the effective date of your insurance will be the date you return to full-time work in your regular occupation or as a Legislator if the State Legislature is in session.

If, in accordance with the enrollment procedures as described on page 2 of this booklet, you must furnish evidence of insurability, including good health, before you can enroll, your insurance will become effective on a date designated by AUL after it determines that such evidence of insurability is satisfactory.

EMPLOYEE CONTRIBUTIONS

The State of Indiana shares in the cost of this program. If you are eligible and wish to enroll, you must authorize that your share of the cost of your insurance be deducted from your salary. If you are a State Legislator, one-half of your share of the cost will be deducted from your January paycheck and the other one-half from your February paycheck.

PLAN BENEFITS

There are four major benefits to this life insurance plan. They are the Basic Life Insurance Benefit, Accidental Death and Dismemberment Benefit, a Conversion Privilege Benefit, and an Accelerated Life Benefit. Note: If you elected and are covered for supplemental and/or dependent life insurance, please refer to your certificate of insurance for those benefits.

1. *Basic Life Insurance Benefit*

The Basic Life Insurance Benefit is a lump sum payment on your death in an amount equal to your annual salary rounded up to the next higher \$1,000, times 150%. For example, if your gross biweekly salary is \$615, then your annual salary is \$15,990, rounded to \$16,000, and the amount of your Basic Life Insurance Benefit is \$24,000. If you are a State Legislator, the amount of your Basic Life Insurance Benefit is equal to your annual salary as a State Legislator times 150%.

The amount of your Basic Life Insurance Benefit will increase automatically as your salary increases, as set out above. These increases in salary will be recognized for benefit purposes 31 days after the effective date of the salary change. You must be actively at work or on vacation on your last regular work day preceding the effective date of your increase in benefit for the increased benefit to take effect on that date. Otherwise, the effective date of the benefit increase will take effect on the date you return to full-time work. However, if you are not actively at work as a result of a disability leave of absence, any change in the amount of insurance takes effect the same as if you were actively at work on that date.

This Basic Life Insurance Benefit is payable immediately upon proof that your death occurred while a covered employee. It is payable to the beneficiary named by you on your enrollment application or as named in a properly filed change of beneficiary form.

2. *Accidental Death and Dismemberment Benefit*

The Accidental Death portion of this Benefit is a lump sum payment that is payable to your beneficiary in the event your death occurs from an accident, directly and independently of all other causes, while insured; provided the death occurs within 90 days of the accident. The amount of coverage is called the Principal Sum and is equal to the Basic Life Insurance Benefit. The Principal Sum is paid in addition to the Basic Benefit.

The Accidental Dismemberment portion of this Benefit is the payment to you of the Principal Sum, or one-half of the Principal Sum, as outlined herein, in the event you suffer a loss from an accident, directly and independently of all other causes, of a hand, a foot, sight of an eye, or any combination thereof, while insured; provided the loss occurs within 90 days of the accident.

The following table shows the amount of benefit that would be applicable for losses suffered under the Accidental Death and Dismemberment Benefit:

<u>For Loss of</u>	<u>Amount</u>
Life	Principal Sum
Both Hands or Both Feet	Principal Sum
Sight of Both Eyes	Principal Sum
One Hand and One Foot	Principal Sum
One Hand and Sight of One Eye	Principal Sum
One Foot and Sight of One Eye	Principal Sum
One Hand or One Foot	One-Half Principal Sum
Sight of One Eye	One-Half Principal Sum

With respect to a hand or foot, "loss" means complete severance at or above the wrist or ankle joint, respectively. With respect to an eye, "loss" means total, permanent blindness.

If more than one specific loss results from one accident, the amount provided will not exceed the Principal Sum.

Payment of the Accidental Death Benefit will be made to your named beneficiary. Dismemberment Benefits will be paid directly to you.

Although the Basic Life Insurance Benefit is payable on death from any cause, this Accidental Death and Dismemberment Benefit is payable only if death or dismemberment is due to an accident, directly and independently of all other causes, and also only if the loss is not the result of:

- a. suicide or attempted suicide, whether sane or insane;
- b. air travel as a crew member;
- c. participation in a riot or from war or an act of war, whether declared or undeclared;
- d. commission of an assault or felony;
- e. the voluntary taking of:
 - (1) a prescription drug in a manner other than as prescribed by a physician;
 - (2) any other controlled substance in an unlawful manner;
 - (3) non-prescription medicine, in a manner other than indicated in the printed instructions; or
 - (4) poison;
- f. the inhaling of gas (unless due to occupational accident); or
- g. sickness other than infection occurring as a result of accidental injury.

This Accidental Death and Dismemberment Benefit is not included under the Conversion Privilege Benefit.

3. *Conversion Privilege Benefit*

The Conversion Privilege Benefit is a benefit which allows for the converting of your Basic Life Insurance Benefit to an individual insurance policy without submitting evidence of insurability or good health if your insurance terminates due to:

- a. your employment terminating by retirement or otherwise;
- b. expiration of the 90 day leave of absence period (during which you are billed at home), except an absence for medical disability; or
- c. you become ineligible for insurance coverage under the plan.

The application for the individual insurance policy must be made and the first premium paid to AUL within 31 days after you become ineligible for coverage (such as for switching from full-time to part-time) under the plan. An additional 15 days is allowed if termination of insurance is due to termination of employment. The effective date of the individual policy will be 31 days after your date of termination or date of ineligibility. If you die within the application period, the Basic Life Insurance Benefit would be payable whether or not you had actually converted your insurance, and any premium you may have paid for a converted policy would be refunded.

At your option, any amount of insurance less than or equal to the Basic Life Insurance Benefit applicable to you just prior to your date of termination or ineligibility may be converted. You may choose any form of individual life insurance that is then issued by the Insurance Company, except term insurance. The individual policy will be issued at a premium that is based on the Insurance Company's rates that are applicable to you for that form of insurance, at your age at the time of conversion.

The following table will give you the approximate cost of a converted policy on a Whole Life Plan (Premiums payable until death):

<u>Age At Termination</u>	<u>Approximate Annual Premium Per \$1,000 of Insurance Coverage Face Amount \$10,000-\$24,999</u>	
	<u>Male</u>	<u>Female</u>
25	\$9.32	\$7.95
40	18.17	14.74
55	39.37	30.75
70	89.03	67.50

These rates are not guaranteed and will be different for males and females.

You can obtain the necessary forms to convert your Basic Life Insurance Benefit to an individual policy from your Payroll Clerk, Personnel Department, or AUL. You must submit these forms to AUL within 31 days of the date of your ineligibility (45 days for termination of employment) for the conversion to take place without your having to provide evidence of insurability.

If you convert some or all of your Basic Life Insurance Benefit to an individual policy and the individual policy remains in force after you later again become a full-time employee of the State, you must terminate your individual policy and submit evidence of insurability with your request for basic life insurance. Your insurance will become effective on a date designated by AUL after it determines that such evidence of insurability is satisfactory.

4. Accelerated Life Benefit

If you, while under age 65, are diagnosed with a Terminal Condition* while covered under this provision, you may request payment of the Accelerated Life Benefit. The available amount of Accelerated Life Benefit is 25% or 50% of your Basic Life Insurance Benefit. This benefit is available on a Basic Life Insurance Benefit of \$10,000 or more. The maximum payment is limited to 50% of your Basic Life Insurance Benefit or \$250,000, whichever is less. Benefits will be paid in one lump sum to you.

*Terminal Condition means an injury or sickness that, despite appropriate medical care, is reasonably expected to result in your death within 12 months from the date of payment of the Accelerated Life Benefit, as determined by AUL. AUL may require that you be examined at AUL's expense by AUL's choice of physician.

To be eligible to request payment of the Accelerated Life Benefit:

- a. you must have the Basic Life Insurance Benefit;
- b. you must be diagnosed with a Terminal Condition while covered under this provision and must be less than age 65;
- c. AUL will require, in a community property state, your spouse's written consent before the Accelerated Life Benefit is paid; and
- d. you can receive an Accelerated Life Benefit only once.

Proof is a completed claim form and any other information AUL requires in order to determine liability. AUL may require that you be examined at AUL's expense by AUL's choice of a physician.

After payment of an Accelerated Life Benefit, your Basic Life Insurance Benefit payable at death to your Beneficiary equals:

- a. the amount of your Basic Life Insurance Benefit as if an Accelerated Life Benefit payment had not been made; minus
- b. the Accelerated Life Benefit payment; minus
- c. the interest charge.

The interest charge equals the Accelerated Life Benefit amount times the number of days from the date of payment to your date of death, divided by 365, times the interest rate. The interest rate will be based on the current 90 day treasury bill rate at the time of the payment of the Accelerated Life Benefit.

Premiums continue to be due and payable on the original Basic Life Insurance amount. Your Accidental Death and Dismemberment Insurance will not reduce due to payment of the Accelerated Life Benefit.

The following information is used for illustrative purposes only:

Example: Life insurance in force = \$50,000
Date of receipt of proof of terminal condition = 10/31/94
Date of payment of Accelerated Life Benefit = 11/1/94
Date of death = 2/15/95
Interest rate* = 3.5%

1. Amount of Accelerated Life Benefit = $.50 \times \$50,000 = \$25,000$
2. Interest Charge = $\$25,000 \times (106 \text{ days} / 365 \text{ days}) \times .035 = \253.75
3. Death Benefit Payable = $\$50,000 - \$25,000 - \$253.75 = \$24,746.25$

*The interest rate is equal to the 90 day treasury bill rate on the date of the Accelerated Life Benefit payment.

An Accelerated Life Benefit will not be paid if:

- a. you have named an irrevocable beneficiary or made an assignment of your life insurance benefits;
- b. all or a portion of your life insurance benefits are to be paid to a former spouse or trustee as part of a divorce decree or property settlement, or child support order;
- c. your life insurance terminates; or
- d. the policy terminates.

NOTE: The payment of the Accelerated Life Benefit may be taxable. Please seek the advice of a personal tax advisor.

If you are dissatisfied with the determination that an Accelerated Life Benefit is not payable, you may file a grievance, in writing, within two weeks from receipt of notice that the Accelerated Life Benefit will not be paid. Said grievance should be sent to AUL. You will be notified in writing of a time and place of the grievance meeting. Final determination will be no longer than 60 days following the date of the request for review.

DESIGNATION OF BENEFICIARY

You may name anyone you wish as beneficiary, except your employer, by naming such person or persons as beneficiary on your enrollment application. You may name more than one beneficiary and you may even name a church or other charitable institution as beneficiary.

A minor may be named directly as a beneficiary, whereby the funds would be payable to his/her legally appointed guardian. A testamentary or living trust could also be established, designating the full name and effective date of the trust as the beneficiary.

You may, at any time while covered under this plan, change your beneficiary designation by filing the appropriate form with AUL. Your request for changing beneficiary designation will be recorded by AUL and a copy of the recorded request will be returned to your payroll clerk for inclusion in your file. Any recorded designation or change in designation of beneficiary shall take effect as of the date of execution of the request.

Change of beneficiary forms may be obtained from your Payroll Clerk, Personnel Department, or AUL.

FILING OF CLAIMS

AUL should be informed as soon as possible upon your suffering any loss that is covered under this plan. It will be necessary for you or your beneficiary to provide proof of loss before any of the various benefits can be paid, such as proof of death (accidental or otherwise), or dismemberment.

If a claim is filed because of injury, AUL must be notified within 31 days of the injury that the accident took place. Completed claim forms including proofs of loss must be given to AUL within 90 days of the loss.

Proper claim forms necessary to file for any benefits can be obtained from your Payroll Clerk, Personnel Department, or AUL at such time as loss occurs. All forms should be filled out completely and returned to AUL.

PAYMENT OF DEATH BENEFIT

Once proof of death is received, AUL will determine the payee class of beneficiaries in the following order:

- a. first beneficiaries (or all beneficiaries if no classes were given) who outlive you;
- b. second beneficiaries who outlive you, if no first beneficiaries outlive you;
- c. your estate, if no beneficiaries outlive you or none were named; or
- d. a surviving relative if your estate is not substantial and there are no laws to the contrary. Relatives will be considered in descending order of preference as follows:
 - (1) spouse
 - (2) child(ren)
 - (3) parent(s)
 - (4) brother(s) or sister(s).

Proceeds will be divided equally within the class of beneficiaries unless you indicate otherwise.

TERMINATION OF YOUR INSURANCE COVERAGE

Your insurance coverage under this plan terminates on the earliest of the following dates:

- a. The date the policy is terminated.
- b. The date you withdraw your authorization to make the required payroll deduction.
- c. The date you terminate employment by retirement or otherwise.
- d. The date you are no longer eligible to be covered under the plan.
- e. The end of the 90 day period during which you are on leave of absence (other than approved medical disability leave of absence) and you have paid both your and your employer's premium contribution.
- f. If you are a State Legislator, December 31 of the year your term of office expires; unless you are re-elected then coverage will continue if you continue premium payment.

If the policy is terminated, all employees who have been insured under the plan for at least five years prior to the date of termination of the policy will be eligible to convert their Basic Life Insurance Benefit in accordance with the Conversion Privilege Benefit section of the plan subject to the following restriction. The portion of the Basic Life Insurance Benefit that may be converted shall not exceed the smaller of:

- a. the employee's Basic Life Insurance Benefit at the time of the termination of the policy less the amount of any life insurance for which he is or becomes eligible for under any group policy issued by the same or another insurer within 31 days after such termination; or
- b. \$10,000.

QUESTIONS AND ANSWERS

What is the cost to me if I join this plan?

The State of Indiana shares the cost of your basic life coverage with you. The State of Indiana pays the greater share of the cost. Your share is contributed through payroll deductions. See your Payroll Clerk for your payroll deduction amount if you choose to participate.

What evidence is there that I have been properly enrolled under this program?

Your enrollment application is on file with AUL and your Universal Payroll Authorization (AS-47) form, which authorizes for this purpose, is on file with the Auditor of State's Office and your Payroll Clerk. In addition, an "Life Ins. Emp." or other appropriate notation will appear on your pay stub. This Booklet-Certificate is given to all employees who enroll in the plan.

Is there any cash value built up in the plan on my behalf which could be available to me especially upon termination?

This is a Term insurance plan and as such there is no cash value available to you at any time.

Must my beneficiary accept any death benefits in the form of a single sum or are other modes of settlement available?

Other modes of settlement are available which can be elected by your beneficiary upon request.

What is my status under the plan if my employer grants me a temporary leave of absence?

If, during your temporary leave of absence, you continue to receive a salary from the State, then your insurance coverage will continue as before while receiving such salary. If, however, you are not paid during your temporary leave of absence, then you will receive a bill at home for the appropriate premium contribution for the time of the temporary leave of absence. You must pay the premium to maintain the life insurance during the temporary leave of absence. Regular full-time employees who work less than 12 months a year, such as teachers, will have continuous insurance coverage throughout the year, provided that premiums are paid throughout the period.

What happens to my coverage at the end of my temporary leave of absence if I do not return to work?

See Conversion Benefit on page 5 and 6 of this booklet.

What exclusions or exceptions, if any, are applicable regarding this plan?

There are no exclusions under the Basic Life Insurance Benefit. The exclusions that will apply to the Accidental Death and Dismemberment Benefit and the Accelerated Life Benefit are listed in those sections.

After making proper application for benefits, how long must my beneficiary or myself, if living, wait before claim settlement is made?

Claim payments will usually be made within 10 business days after AUL has received all properly completed forms and proofs of loss have been established.

Is there any way I can get additional insurance coverage under this plan?

Yes, you may enroll in the Supplemental Voluntary Insurance program now being offered by the State at the same time you apply for the Basic Plan. The cost of the Supplemental Plan is paid entirely by the employee.

Is there any way for my dependents to be covered under this program?

This basic life insurance plan does not include dependent coverage. Dependent coverage is available if you enroll in the Supplemental Voluntary Plan.

Can I assign my rights to another person under this policy?

Only to a member of your immediate family or trust for the benefit of such family member. However, no assignment is binding unless filed with AUL.

Is there any way for me to drop my coverage under the plan without terminating employment?

Typically, you can discontinue coverage at any time by revoking your authorization of the salary deduction that is being made to pay your portion of the cost. However, if you are in the Taxsaver Plan, you are subject to the termination provisions of that Plan. If you did terminate coverage, you would have to submit evidence of insurability before being allowed to re-enroll in the program.

If my insurance coverage terminates due to termination of employment and I become re-employed by the State, do I again become insured under the plan?

If you did not convert your basic life insurance upon termination of employment and become re-employed by the State, you must re-enroll in the plan as a new employee.

If you did convert all or a portion of your basic life insurance upon termination of employment and become re-employed by the State, you must terminate your individual policy and submit evidence of insurability with your request for basic life insurance. Your insurance will become effective on a date designated by AUL after it determines that such evidence of insurability is satisfactory.

If my insurance coverage terminates due to non-payment of premium while I am on a leave of absence from the state, do I again become insured when the leave of absence ends and I am actively at work?

The basic life insurance will terminate due to non-payment of premium during a leave of absence from the state. You must re-enroll in the basic life insurance plan upon your return to work.

Who must be contacted to file a claim or get answers to any questions I might have?

All claims must be filed with AUL and all questions concerning this plan should be directed to your Payroll Clerk or to AUL at 1-800-673-3216.

**NOTICE TO INSUREDS
FROM AUL**

We are here to serve you and your satisfaction is very important to us. Should you have a valid claim, we fully expect to provide a fair settlement in a timely fashion.

Should you feel you are not being treated fairly, you may contact our Claims Department at 1-800-553-3522. We will do everything we can to resolve your concern. If you continue to be dissatisfied, you may also contact the Indiana Department of Insurance, the governmental agency that regulates insurance, at:

Public Information/Market Conduct
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Consumer Hotline: 1-800-622-4461
In the Indianapolis Area: 1-317-232-2395

We welcome your questions and concerns as opportunities for us to serve you better.